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Chair: Mr. Tommo Monthe ..... (Cameroon)
Chair of the Advisory Committee on Administrative and Budgetary Questions: Mr. Ruiz Massieu

Contents

Agenda item 136: Proposed programme budget for the biennium 2018–2019 (*continued*)

Enterprise resource planning project

Programme budget implications of draft resolution A/72/L.9: Modalities for the Intergovernmental Conference to Adopt the Global Compact for Safe, Orderly and Regular Migration

Agenda item 147: Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

Agenda item 148: Financing of the International Residual Mechanism for Criminal Tribunals

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The meeting was called to order at 10 a.m.

Agenda item 136: Proposed programme budget for the biennium 2018–2019 (*continued*)

Enterprise resource planning project
(A/72/7/Add.31, A/72/157 and A/72/397)

1. **Ms. Beagle** (Under-Secretary-General for Management), introducing the ninth progress report on the enterprise resource planning project (A/72/397), said that Umoja was an important transformative initiative for the Secretariat. Although all enterprise resource planning projects were challenging at the beginning, significant progress had been made on Umoja in recent years and it had become a part of the daily routine of much of the Secretariat staff.

2. Umoja was a key enabler of important strategic reform initiatives, such as the International Public Sector Accounting Standards (IPSAS) and the information and communications technology strategy, and was poised to support other initiatives such as enterprise risk management, the global service delivery model and the internal control framework. It would also be an important enabler of the Secretary-General's management reforms, since it would simplify processes, improve responsiveness and enable the decentralization of authority through the accompanying monitoring and oversight. The Umoja project was a major priority for the Department of Management; all its offices and the Umoja team were working closely with partners in other departments at Headquarters and in regional commissions and field missions.

3. In its sixth annual progress report on the project (A/72/157), the Board of Auditors acknowledged that implementing Umoja globally for more than 40,000 staff in 400 locations was a significant achievement, especially considering the project's complexity and difficult start. The Board observed that Umoja remained central to the successful reform and modernization of the administration of the United Nations and had the potential to generate major benefits for the Organization and for Member States.

4. Umoja had replaced hundreds of legacy systems, streamlined, integrated and automated many proc. sses, enabled self-service for staff and managers, and provided real-time visibility to global data. By standardizing processes, it had paved the way for better client service and transaction support. Nearly a third of Umoja's scope would be delivered though Umoja Extension 2, including capabilities in important areas such as strategic planning, budget formulation and performance management, conference and event management, and reimbursements to troop- and police-contributing countries. The strategic planning and performance management capability was a key enabler of the Secretary-General's proposals for increasing transparency and accountability for results. The budget formulation module would also strengthen support for the legislative review of budgets. Umoja Extension 2 would enrich the real-time global information that was becoming increasingly available as the Secretariat learned to leverage the capabilities of Umoja.

5. The ninth progress report responded to requests by the General Assembly in its resolution 71/272. Section V of the report (A/72/397) highlighted the evolution of the business case for Umoja since 2006, with an emphasis on the qualitative benefits that had underpinned the original business case and the quantitative benefits, including the challenges in measuring pre- and post-Umoja performance. The Board of Auditors had acknowledged that the bottom-up approach to measuring benefits was an improvement on the earlier approach. More needed to be done, however, to articulate the benefit realization plans and demonstrate the link between resource proposals and Umoja efficiencies.

6. Considerable effort had been invested in developing and presenting a h istorical analysis of direct costs by activities since 2008, an inventory of indirect costs by deployment since the first pilot in 2013, an estimate of the cost of training for end users and an analysis of the total cost of ownership through 2030. The provision of that information addressed concerns expressed by the external auditors, the Advisory Committee on Administrative and Budgetary Questions and the General Assembly; the analyses could be further refined if needed.

7. In the year covered by the progress report, seven deployments of differing complexity had been completed successfully. In November 2016, Umoja Extension 1 had been deployed to some 12,000 national staff and 8,000 uniformed personnel in 38 peacekeeping and special political missions. The deployment had been remarkably smooth, in contrast to earlier deployments. Changes to the International Civil Service Commission compensation package had been rolled out incrementally in November 2016, January 2017 and September 2017. The financial statements module had been rolled out in February 2017 for non-peacekeeping operations, and in August 2017 for peacekeeping operations, marking another milestone in the progress towards using Umoja as the backbone for IPSAS compliance. In September 2017, phase 1 of supply chain management had gone live, and the Galileo system had then been decommissioned in peacekeeping and special

political missions. The migration of equipment, inventory and other asset information from Galileo to Umoja had been complicated, but the excellent collaboration across the Secretariat had ensured a smoo h deployment. The downward trend in reported problems and support requests indicated that Umoja was stabilizing. Managers had been given greater capacity to monitor the training of their staff and attention had now shifted to continuous improvements. A new analytical capability had been created for detecting, diagnosing and resolving problems and a good baseline had been established for accurately measuring efficiencies.

8. A strong and dedicated business transformation function would be the key to refining business models and practices, and sustaining Umoja benefits through a continuous improvement programme. There were challenges to be addressed, however, mainly in business intelligence and reporting. Since users were not yet fully leveraging the system's potential, strengthening capacity for generating standard reports and dashboards and creating a function to support users with data extraction and analysis had been set as priorities. In addition, building on the plan for reprofiling resources that the General Assembly had approved in 2016, significant effort had gone into making the project self-sufficient in supporting all functionalities deployed so far and building technical expertise for the new software modules needed for Umoja Extension 2. A lot had also been invested in training and contractual resources had been reduced significantly.

9. The report described the progress and status of each of the Umoja Extension 2 work streams. Bearing in mind the General Assembly's direction to mitigate change management risks, the Department had modified the deployment schedules on the basis of dependencies among the projects and feedback from business entities. While all the software would be developed, tested and deployed by the end of 2018, some functionalities would be deployed in phases in 2018 and 2019 to mitigate risks and costly post-deployment support.

10. The resource requirements for the project for the biennium 2018–2019, previously estimated at $77.8 million, had been revised slightly downward to $77,578,200, of which 15 per cent would be financed from the regular budget, 62 per cent from the support account for peacekeeping operations and 23 per cent from extrabudgetary resources. The costs of the project had been contained, the dependence on contractors had been reduced and a larger number of young staff members had been included in teams. The report presented a proposal to continue the reorganization endorsed by the General Assembly, by abolishing 13 senior posts and creating 7 junior posts in order to create a sustainable team for the future.

11. The Secretariat was developing a sustainable platform for delivering on the potential of Umoja to transform the Organization. To do so, it needed the continuing support of the General Assembly to leverage Umoja in order to modernize the Organization's business practices and enhance transparency and accountability.

12. **Mr. Bajaj** (Chair of the Audit Operations Committee of the Board of Auditors), introducing the sixth annual progress report of the Board of Auditors on the implementation of the United Nations enterprise resource planning system (A/72/157), said that Umoja Integration (Foundation and Extension 1 functionality) had now been deployed to five clusters with over 40,000 users, operating from more than 400 locations. Cluster 5 had been deployed in November 2016. The Administration had indicated that 35,596 of the 40,694 Umoja users had been trained, including 32,240 who had received training in multiple courses, which implied that 12 per cent of the total Umoja users had not received any training. The issues raised by cluster 3 and 4 entities had been harmonized into a set of 67 recommendations. On the basis of the information received from the Umoja team, as at February 2017, 13 recommendations were still in the process of implementation.

13. The stabilization of business reporting was another issue that required attention. Umoja currently provided 172 standard corporate formatted and ad hoc reports, and power users had produced 2,753 reports. In 2016, the Umoja team had begun a phased transition of responsibilities of business intelligence reporting from the Umoja project to the Office of Information and Communications Technology as part of the mainstreaming of project functions. The Office had conducted bilateral workshops with each entity to identify and develop key additional reports, and had identified a requirement of more than 700 reports.

14. The Administration had engaged an external consultant to carry out an assurance project to identify and analyse areas of risk that might affect the immediate and long-term value of Umoja to the Organization. The Board observed that the consultant had identified, in 2015, the operating model risks, the impact of the risks and the mitigating actions, and had indicated that the benefits of Umoja would not be realized unless those risks were addressed. However, action on the recommendations of the consultant's study was still under way.

15. The total cost of ownership was the sum of the direct and indirect costs, wherein the indirect costs were

composed of people time (hours) of departments and entities for Umoja deployment and support, including legacy data cleansing, enrichment and training. The cost of development (capital expenditure) of Umoja was borne under the Umoja project, while maintenance and support costs (revenue expenditure) were borne by the Office of Information and Communications Technology. The Umoja project team had not yet assessed the exact total cost of ownership and had stated that, while the direct costs could be easily quantified, the quantification of the indirect costs had been challenging, as time sheets had not been maintained for staff of the United Nations Secretariat.

16. Until the budget for the biennium 2016–2017, a top-down approach had been adopted, according to which the heads of department had quantified benefits on the basis of the overall savings to be made. The Administration had stated that, from the budget for the biennium 2018–2019, a bottom-up approach with the involvement of the business process owners had been adopted, involving a review of the areas of the original benefits case as to their continuing validity and applicability and the quantification of the projected benefits in the updated business case from process owners in the fields of human resources, central support services, finance, logistics and supply chain and information technology. The budget for 2018–2019 to be presented to the General Assembly would be based on those projections. The Board noted that the bottom-up approach was an improvement on the previous top-down approach.

17. Of the 18 pending recommendations from the Board's previous reports, 4 had been fully implemented, 12 were under implementation and 2 had not been implemented.

18. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/72/7/Add.31), said that the Advisory Committee noted that the activities proposed for implementation during the reporting period had been delivered and welcomed the progress made towards completion of the full deployment of the Umoja Foundation and Umoja Extension 1 functionalities.

19. The full scope of Umoja must be implemented in order to realize the benefits of the Umoja solution and protect the investment already made by Member States. Umoja Extension 2 comprised some of the more strategic functions, including planning and programming, budget formulation and supply chain management. The poor coverage of such functions under the previous systems had led to the decision to shift to an enterprise resource planning system. The timeline for the full deployment of Umoja Extension 2 would be extended until 2019, with completion of the design, build and test activities for all the projects in 2018, deployment in 2018 and 2019, and stabilization of the system in 2019.

20. With regard to qualitative benefits, the Advisory Committee had requested that additional details on the improvements by functional area should be provided to the General Assembly at the time of its consideration of the Advisory Committee's report. With regard to quantitative benefits and the updated benefits case, the Advisory Committee noted the comments of the Board of Auditors on the bottom-up approach, as well as its recommendation that, in the future, new baseline information should be established on the basis of Umoja transaction or workflow timestamps. The Advisory Committee also reiterated the observations and recommendations made on the quantitative benefits of Umoja in its first report on the proposed programme budget for the biennium 2018–2019 (A/72/7) and signalled its intention to request the Board of Auditors to validate those quantitative benefits in its next audit.

21. With respect to direct costs, while noting that the information provided on expenditures by project phase from 2008 to 2017 represented an improvement, the Advisory Committee reiterated its earlier request for detailed information on annual expenditures by category of expenditure and related outputs. The Advisory Committee welcomed the efforts to estimate, for the first time, the indirect costs of the project as well as the total cost of ownership of Umoja, and recommended that the General Assembly should request the Secretary-General to include updated and refined information on indirect costs and total cost of ownership in future progress reports.

22. On project staffing, the Advisory Committee welcomed the efforts made to strengthen in-house capacity as well as the proposals for restructuring and downsizing the Umoja project team. It would be important to retain skilled personnel within the project team and maintain the strong authority and leadership structures required in order to deliver a complex business transformation such as Umoja.

23. The Advisory Committee was of the view that the Secretary-General's report (A/72/397) did not provide a detailed breakdown of the expenditures incurred in 2016–2017 and provided few details on the proposed resource requirements of $81.9 million for 2018–2019, which included additional requirements of $77.6 million to be approved by the General Assembly. The Advisory Committee therefore recommended that the

Secretary-General should be requested to provide detailed information on the proposed requirements and expenditures for the project in his next progress report. Pending consideration of the next progress reports of the Secretary-General and the Board of Auditors, the Advisory Committee recommended that the level of the additional proposed resources for the biennium 2018-2019 should be reduced by 20 per cent, from $77.6 million to $62.1 million.

24. **Ms. Pereira Sotomayor** (Ecuador), speaking on behalf of the Group of 77 and China, said that the Group reaffirmed its support for management reform initiatives aimed at increasing the efficiency and effectiveness of the Organization. The implementation of the Umoja Foundation and Extension 1 functionalities brought the Organization a step closer to replacing fragmented business processes and information systems with a common integrated system.

25. The findings of the user satisfaction survey conducted by the Board of Auditors were, however, a cause for concern. In the survey, 15 per cent of the respondents had reported that they were very confident and 69 per cent somewhat confident of using Umoja, while 66 per cent had said they were somewhat or mostly ready at the time of the implementation of Umoja. In addition, only 46 per cent of the respondents felt that the timing of training had been just right, while 54 per cent felt either that there had not been enough time after training or that the training had been carried out too early before deployment. In addition, 56 per cent of the respondents felt that they had been adequately trained, while 44 per cent said that they had received training but could not understand Umoja. Moreover, the figures provided by the Administration indicated that 12 per cent of Umoja users had not received any training. The Group trusted that the Administration would correct those weaknesses and deficiencies and fully utilize the implemented functionalities, in order to provide transparent management of organizational human and physical resources, bring together previously disconnected people and departments, support decision-making with more robust data, streamline business processes and increase transparency on costs and the utilization of resources.

26. The Group was seriously concerned by the proposal to extend the timeline for the full implementation of Umoja Extension 2 until 2019. In its resolution 71/272 A, the General Assembly had requested the Secretary-General to implement the full scope of the project as set forth in the eighth progress report (A/71/390), without further delay and cost escalation. The original timeline and budget approved in 2008 had envisaged deploying Umoja by the end of 2012 at a cost of $248.3 million. However, the implementation plans had been substantially revised subsequently, increasing the proposed budget by the biennium 2018–2019 to $543.96 million, more than double the original budget, and extending the completion date from 2012 to 2018. The Group urged the Secretary-General to manage the project more strictly and take proactive measures to avoid further slippages and delays.

27. Given that a software upgrade had to be implemented by 2020 to ensure continued support for the system by the software vendor and that the availability of skilled resources for testing was likely to be a challenge, the Group concurred with the Advisory Committee that effective project planning and management were needed in order to ensure that the upgrade could be implemented without disruption and delays to the Umoja Extension 2 project.

28. The General Assembly, in its resolutions 69/274 A, 70/248 A and 71/272 A, had requested the Secretary-General to accelerate the development of a benefit realization plan, taking into account the relevant recommendations of the Board of Auditors. The Secretariat had responded with a bottom-up approach but had failed to provide data for comparing pre- and post-implementation time savings. The Group agreed with the Advisory Committee that the revised Umoja business case should reflect actual efficiencies and benefits achieved rather than artificial efficiencies, and that there was a need to establish clear and transparent records of the realization of qualitative and quantitative benefits, including the impact of Umoja on the staffing and resource requirements of individual offices and departments. A robust business case must be made for the Umoja project, one of the largest and most expensive business transformation initiatives undertaken by the Organization.

29. The Group would be interested in learning more about the Secretary-General's plans to strengthen in-house capacity and expertise on Umoja, and to restructure the Umoja team and ensure the transfer of knowledge from consultants to staff with the aim of reducing the dependency on and resource requirements for contractual services.

30. The Group took note of efforts to estimate the indirect costs of the project as well as the total cost of ownership, but remained disappointed that little progress had been made in responding to the General Assembly's repeated requests for detailed accounting of the indirect project costs absorbed by departments, or to conduct an analysis of the total cost of ownership of the Umoja project. Disclosure of the total cost was crucial

to the informed decision-making of the Assembly. It was also important to achieve a more refined analysis of project expenditures and deliverables. Operating, maintenance and support costs should be included in the project budget and transparently reflected in the analysis of total costs of ownership. In that connection, the Group emphasized the importance of project governance and the need for complete, transparent, and holistic accounting for the resources committed by Member States.

31. The Group looked forward to discussing the proposal for the implementation of Umoja Extension 2, taking into account lessons learned from the previous phases of the project. Particular attention should be paid to organizational readiness, strong project management and proactive measures to address challenges and risks inherent in the ambitious implementation schedule.

32. The Group questioned the rationale of proposing another substantial increase in the project budget in the absence of full transparency regarding total project costs and a business case that reflected the actual efficiencies and benefits achieved. It was in the Organization's best interests to deliver the full scope of the Umoja project as approved by the General Assembly in its resolution 63/262, so as to protect the considerable investment already made by Member States and realize the full qualitative and quantitative benefits of the project.

33. **Mr. Hyndrak** (Observer for the European Union), speaking also on behalf of the candidate countries Albania, Serbia and the former Yugoslav Republic of Macedonia; the stabilization and association process country Bosnia and Herzegovina; and, in addition, Georgia and the Republic of Moldova, said that European Union member States were strong supporters of an enterprise resource planning solution that would modernize business processes and systems crucial to the efficient, effective and transparent management of the Organization. They welcomed the considerable progress made in addressing issues, including efforts to improve the project's management, quantify the total cost of ownership and enhance the presentation of quantitative and qualitative benefits.

34. The European Union attached considerable importance to the full implementation of Umoja Extension 2, which included some of the most important and promising functionalities, including supply chain management, budget formulation, programme management, conference and event management, and force planning. The quality of data available on the range of Secretariat activities in Umoja Extension 2 had the potential to assist the Secretariat and Member States in their future decision-making.

35. **Mr. Bin Salleh** (Singapore) said that his country appreciated the benefits that could be reaped from a modern, integrated, and fully functioning information and communications technology system, particularly for an organization as large and complex as the United Nations. Umoja had the potential to improve the functioning of the Organization by providing business intelligence tools and improving accountability. Singapore also welcomed the progress made thus far, including the implementation of Umoja globally across more than 400 locations and the steady decline in Umoja-related incidents. He encouraged the Secretariat to build on that momentum and ensure that the lessons learned were taken into account to prevent further delays, cost escalation and other risks.

36. Some issues with the Umoja project required urgent attention. The General Assembly had repeatedly reiterated the need to eliminate cost overruns and improve project management to prevent further delays. Nevertheless, the project had originally been proposed for completion by 2012, yet its completion date would soon be revised to 2019. Moreover, the Secretary-General's resource request for the forthcoming biennium would bring the total cost to almost $540 million, more than double the original estimate of $248 million.

37. Given the significant investment already made by the Member States, he urged the Secretary-General to provide the Assembly with an accurate picture of the total cost of ownership of the Umoja project. The ability to provide accurate information on the implementation costs would reflect the strength of the project's governance. He also recalled the importance of ensuring accountability and transparency and of articulating the qualitative and quantitative benefits of Umoja in a realistic, clear and transparent manner. Singapore continued to support initiatives that improved the Organization's effectiveness, accountability, and transparency; it was regrettable that there was little time at the current session for a full discussion of the issues at stake.

38. **Ms. Norman-Chalet** (United States of America) said that the Umoja project was an integral part of management reform, which involved reworking the administration of the Secretariat in terms of business processes and information technology solutions. Umoja was a necessary tool for addressing the complex global operations of the United Nations and should help the Organization to become more transparent and accountable not only to Member States but also to the people around the world who benefited from its operations. The United States appreciated the progress made so far on the project, including the recent

decommissioning of the old Galileo supply chain management software. Commendable efforts had been made to reduce the operational costs and achieve the quantitative and qualitative benefits of Umoja outlined in the Secretary-General's progress report (A/72/397). There was still much work to be done and it remained imperative to achieve the objectives of the project.

39. After the implementation of the full scope of Umoja, scheduled for December 2018, there would be a continued need for strong risk management and a highly skilled workforce, a need that could be met through advanced technical training. The Secretariat should pay particular attention to ensuring that Umoja would remain a catalyst for business transformation beyond 2018 and that there would be a smooth transition from Umoja deployment to post-implementation operations.

Programme budget implications of draft resolution A/72/L.9: Modalities for the Intergovernmental Conference to Adopt the Global Compact for Safe, Orderly and Regular Migration (A/72/7/Add.34 and A/72/7/Add.34/Corr.1; A/C.5/72/17)

40. **Ms. Bartsiotas** (Controller), introducing the statement submitted by the Secretary-General, in accordance with rule 153 of the rules of procedure of the General Assembly, of the programme budget implications of draft resolution A/72/L.9: Modalities for the Intergovernmental Conference to Adopt the Global Compact for Safe, Orderly and Regular Migration (A/C.5/72/17), said that the Secretary-General proposed additional resources in the amount of $668,500 for the provision of general temporary assistance, meeting services, documentation and public information. Those additional resources would be reflected under section 1, Overall policymaking, direction and coordination, section 2, General Assembly and Economic and Social Council affairs and conference management, and section 28, Public information, of the proposed programme budget for the biennium 2018–2019, and would represent a charge against the contingency fund.

41. The estimates were based on the cost of holding the conference in New York. If the conference was held in Morocco, pursuant to paragraph 4 of the draft resolution, the Government of Morocco would need to defray the additional costs in accordance with General Assembly resolution 40/243, which stipulated that United Nations bodies could hold sessions away from their established headquarters when a Government issuing an invitation for a session to be held within its territory had agreed to defray the actual additional costs directly or indirectly involved.

42. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/72/7/Add.34 and A/72/7/Add.34/Corr.1), said that the reductions recommended by the Advisory Committee pertained to webcasting services and to the proposed Administrative Assistant position, for which the Advisory Committee recommended the application of a higher vacancy rate. The Advisory Committee recommended that the Fifth Committee should inform the General Assembly of the budget implications during its consideration of the draft resolution.

43. **Ms. Pereira Sotomayor** (Ecuador), speaking on behalf of the Group of 77 and China, said that the Group appreciated Member States' contributions to United Nations events, such as conferences and summits, and welcomed the decision by the Government of Morocco to host the Intergovernmental Conference. The Group also welcomed the support provided by the Secretariat, the cooperation with relevant bodies of the United Nations system and the synergies derived from interagency cooperation. Given the importance of the topic, the Group supported the request for an additional appropriation. Providing the required resources, with due consideration of the Advisory Committee's recommendations, would guarantee a balanced approach to the funding of the Conference.

Agenda item 147: Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (A/72/5/Add.14, A/72/603 and A/72/654)

Agenda item 148: Financing of the International Residual Mechanism for Criminal Tribunals (A/72/5/Add.13, A/72/5/Add.15, A/72/396, A/72/396/Corr.1, A/72/604, and A/72/654)

44. **Ms. Bartsiotas** (Controller), introducing the Secretary-General's second performance report on the budget of the International Tribunal for the Former Yugoslavia for the biennium 2016–2017 (A/72/603), said that the report provided an estimate of the anticipated final level of expenditure, taking into account changes in parameters for inflation and exchange rates compared with the assumptions made in the first performance report for the biennium (A/71/578), which had formed the basis for the revised appropriation and estimate of income for the biennium. The anticipated final level of expenditure amounted to $105.8 million, including staff assessment, reflecting an increase of $7.7 million. The increase was the result of

increases related to post and non-post resources, mainly due to the planned closure of the Tribunal in December 2017, including end-of-service payments, such as repatriation grant and travel, annual leave commutation and termination indemnity. The anticipated level of income for the biennium 2016–2017 amounted to $12.6 million, reflecting an increase of $1.4 million. The combined effect of the anticipated final level of expenditure and income amounted to an increase of $6.3 million. The General Assembly was requested to approve the final appropriation for the biennium 2016-2017 of $105.8 million.

45. Introducing the second performance report on the budget of the International Residual Mechanism for Criminal Tribunals for the biennium 2016–2017 (A/72/604) and the proposed budget for the biennium 2018–2019 (A/72/396 and A/72/396/Corr.1), she said that the report provided an estimate of the anticipated final level of expenditure for the Mechanism for the biennium 2016–2017, taking into account changes in parameters for inflation and exchange rates compared with the assumptions made in the first performance report (A/71/579). The anticipated final level of expenditure for the Mechanism for the biennium 2016-2017 amounted to $131,966,100, reflecting a decrease of $3,781,600, resulting from the strengthening of the dollar against the euro and the Tanzanian shilling, lower inflation, and decreases related to post and non-post resources. The proposed budget requirements for the Mechanism for the biennium 2018–2019 amounted to $215 million, reflecting an increase of $79 million. The proposal included a total of 176 posts and other staffing requirements for ad hoc functions. The increase was mainly due to expanded judicial activity for a retrial of two high-level accused persons, two current appeals and one expected appeal; the provision of administration services by the Mechanism following the closure of the International Tribunal for the Former Yugoslavia and the ensuing discontinuation of its administrative support to the Mechanism through double-hatting and cost-sharing arrangements; and the proposed temporary strengthening and refocusing of the fugitives tracking team.

46. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on the second performance reports for the biennium 2016–2017 of the International Tribunal for the Former Yugoslavia and the International Residual Mechanism for Criminal Tribunals and the proposed budget of the Mechanism for the biennium 2018–2019 (A/72/654), said that the second performance report on the final biennium of the International Tribunal for the Former Yugoslavia, which was scheduled to close on 31 December 2017, reflected an increase of $7.7 million compared with the revised appropriation for the same period, owing mainly to separation entitlements for staff members. The final appropriation would amount to $105.7 million. The second performance report for the Mechanism for the biennium 2016–2017 reflected a decrease of almost $3.8 million compared with the appropriation, which was attributable to changes in exchange rates and higher than approved vacancy rates. The final appropriation for the biennium 2016–2017 would amount to approximately $132 million.

47. With respect to the proposed budget of the Mechanism for 2018–2019, the Secretary-General had requested an amount of $215.4 million, which represented an increase of $79.6 million, or almost 59 per cent, compared with the appropriation for the biennium 2016–2017. While acknowledging the large amount of judicial activity anticipated in The Hague in the biennium 2018–2019, the Advisory Committee considered that, from an administrative and budgetary perspective, the significant increase in requirements would defeat the purpose of the decision to close the International Tribunal for the Former Yugoslavia and replace it with the Mechanism. Given that the biennium 2018–2019 would be the first budget period during which the Mechanism would fully absorb the residual work of the international tribunals, the resource requirements must be considered as the baseline for the Mechanism going forward. The Advisory Committee considered that the requirements had not been fully justified and therefore recommended that the General Assembly should authorize the Secretary-General to enter into commitments in an amount of $44 million for the maintenance of the Mechanism during the first half of 2018 only, and should request him to submit a revised budget proposal for 2018–2019.

48. **Ms. Pereira Sotomayor** (Ecuador), speaking on behalf of the Group of 77 and China, said that the Group took note of the savings made with regard to the International Residual Mechanism for Criminal Tribunals as a result of the strengthening of the dollar against the euro and the Tanzanian shilling, lower inflation and the absence of trials at Arusha during the biennium 2016–2017. However, the Secretary-General's decision, without proper justification, to rely more heavily on the branch in The Hague was a cause for concern and had largely defeated the purpose of closing the International Tribunal for the Former Yugoslavia and replacing it with the Mechanism. In informal consultations the Group would seek information about the circumstances that had led to that

decision. The underutilization of the new facility for the Mechanism in Arusha was particularly worrying, especially when the branch in The Hague was currently housed in rental premises. The Secretary-General should address the underutilization of facilities in the context of management reforms.

49. The Group was dissatisfied with the Advisory Committee's recommendation not to provide the Secretary-General with the required resources and to request the submission of a revised budget, as that would prevent the Mechanism from implementing its programmes in a timely fashion. The revised information should instead be provided in the form of supplementary information.

50. The Group supported the Advisory Committee's recommendation to retain the posts of Prosecutor (Under-Secretary-General) and Special Assistant (P-4) in the Arusha branch rather than to move them to The Hague without adequate justification.

51. **Mr. Burity** (Angola), speaking on behalf of the African Group, said that the Group took note of the savings realized with regard to the anticipated final level of expenditure for the International Residual Mechanism for Criminal Tribunals. Nevertheless, the Group was concerned by the continued reliance, without proper justification, on the branch in The Hague. The current proposal involved moving staff to a more expensive duty station, while failing to take advantage of the new building in Arusha. Such initiatives undermined the purpose of the decision to close the International Tribunal for the Former Yugoslavia and replace it with the Mechanism. The Secretary-General should explore the possibilities of using low-cost duty stations as a way of achieving budget efficiencies.

52. The Group disagreed with the Advisory Committee's recommendation that the General Assembly should not approve the required resources and should request the Secretary-General to submit a revised budget, as withholding the planned resources would compromise the timely implementation of the Mechanism's programmes. The revised information should instead be provided in the form of supplementary information.

The meeting rose at 11.20 a.m.